

FCC MAIL SECTION

Federal Communications Commission

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Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of)	
)	
Request for Review of the)	
Decision of the)	
Universal Service Administrator by)	
)	
Scranton School District)	
Scranton, Pennsylvania)	
On behalf of)	
)	
Intermediate Unit #19 Consortium)	File No. SLD-112318
Archbald, Pennsylvania)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Changes to the Board of Directors of the)	CC Docket No. 97-21✓
National Exchange Carrier Association, Inc.)	

ORDER

Adopted: January 6, 2000

Released: January 7, 2000

By the Common Carrier Bureau:

1. The Bureau has under consideration a Letter of Appeal submitted by Scranton School District (Scranton), Scranton, Pennsylvania, on behalf of the Intermediate Unit #19 Consortium (Intermediate Unit #19), Archbald Pennsylvania, dated May 17, 1999, seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator). Scranton seeks review of the SLD's funding commitment decision regarding Scranton's application for discounts under the schools and libraries universal service support mechanism.¹ For the reasons set forth below, we deny Scranton's Letter of Appeal.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries and consortia that include eligible schools and libraries, may apply for discounts for eligible telecommunications services, Internet access, and internal connections.² In order to receive discounts on eligible services, schools and libraries are required to provide specific

¹ Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of the Administrator may seek review from the Commission. 47 C.F.R. § 54.719(c).

² 47 C.F.R. §§ 54.502, 54.503.

information to the Administrator. An applicant must file with the Administrator a completed FCC Form 470, setting forth the applicant's technological needs and the services for which it seeks discounts.³ Once the school or library has contracted for eligible services, it is required to file an FCC Form 471 application to apprise the Administrator of the services that have been ordered, the service provider with whom the school has signed the contract, and an estimate of the funds necessary to cover the discounts to be given for eligible services.⁴ The applicant provides such information in block 5 of FCC Form 471. Using information provided by the applicant in its FCC Form 471, the Administrator determines the amount of discounts for which the school is eligible. Approval of the application is contingent upon the filing of FCC Form 471, and funding commitment decisions are based on information provided by the school or library in this form.

3. In block 5, item 15 of its April 8, 1998 FCC Form 471, Intermediate Unit #19 indicated that it was seeking discounts for telecommunications services, internal connections and Internet access from a number of service providers. Specifically, Intermediate Unit #19 sought discounts for telecommunications services provided by Bell Atlantic-Pennsylvania, Inc., (funding request number 151098). Intermediate Unit #19 entered \$6,693.16 as the estimated total annual pre-discount cost for funding request 151098 on its FCC Form 471. It listed the estimated total monthly pre-discount cost, however, as \$6,693.16 as well. In its FCC Form 471 Pre-Discount Cost Calculation Optional Grid, Intermediate Unit #19 recorded the unit monthly charges as \$557.76 for twelve months and entered \$6,693.16 as the total annual amount of estimated eligible pre-discount monthly charges.

4. By letter dated February 25, 1999, the SLD granted, in part, the requests for discounts filed by Intermediate Unit #19 in its FCC Form 471.⁵ In particular, although it modified the discount percentage requested by Intermediate Unit #19, the SLD approved Intermediate Unit #19's request for discounts for funding request number 151098, based on the \$557.76 monthly charge entered by Intermediate Unit #19 on its FCC Form 471 Pre-Discount Cost Calculation Optional Grid, for a total of \$5,979.19.⁶

5. On March 15, 1999, Intermediate Unit #19 filed a Letter of Appeal with the Administrator, stating that, with respect to funding request number 151098, it had incorrectly listed its estimated annual pre-discount cost as \$6,693.16 on block 5, column 10 of its FCC Form 471.⁷ Intermediate Unit #19 asserted that the \$6,693.16 amount is actually its monthly pre-discount cost rather than the \$557.76 figure that it originally entered. Intermediate Unit #19 stated that the estimated annual pre-discount cost that should have been requested was

³ 47 C.F.R. § 54.504(b)(1), (b)(3).

⁴ 47 C.F.R. § 54.504(c).

⁵ Letter from Schools and Libraries Division, Universal Service Administrative Co., to Robert Carpenter, Intermediate Unit #19, dated February 25, 1999.

⁶ The funding commitment decision amount included an automatic extension of monthly costs through June 30, 1999.

⁷ Letter from John R. Williams, Superintendent of Schools, Scranton City School District, to Schools and Libraries Corporation, dated March 4, 1999.

\$80,317.92. Moreover, Intermediate Unit #19 asserted that the actual start date for services was January 1, 1998, rather than the March 9, 1998 effective date listed in block 5, column 7 of its FCC Form 471.

6. By letter dated April 30, 1999, the Administrator affirmed its initial funding decision and denied Intermediate Unit #19's appeal.⁸ In its decision, the Administrator stated that the amount funded for funding request number 151098 was calculated based on the documentation provided by Intermediate Unit #19. The Administrator noted that the FCC Form 471 completed by Intermediate Unit #19 indicated that the unit monthly charges totaled \$557.76 and that the total annual amount of monthly charges amounted to \$6,693.16. The Administrator concluded that the applicant had incorrectly transferred the \$6,693.16 figure to item 15, column 9 as the estimated monthly pre-discount cost.⁹

7. We have reviewed Intermediate Unit #19's FCC Form 471, SLD's records relating to funding request number 151098, as well as other requests for discounts made by Intermediate Unit #19 and we conclude that SLD properly calculated its funding commitment decision based on the \$557.76 figure provided in Intermediate Unit #19's FCC Form 471 Pre-discount Cost Calculation Grid. A review of Intermediate Unit #19's FCC Form 471 reveals that, except for funding requests involving one-time pre-discount costs, Intermediate Unit #19 made the same error in block 5, item 15 for each of its funding requests by entering the same amount for both the estimated monthly pre-discount cost and the estimated annual pre-discount cost.

8. In the FCC Form 471 Pre-Discount Cost Calculation Optional Grid, Intermediate Unit #19 once again set out the unit monthly charges and annual amount of monthly charges for each funding request that entailed monthly costs. This time, it listed \$557.76 as the unit monthly charges and listed \$6,693.16 as the annual amount of monthly charges for funding request number 151098. For other requests for discounts in the same application, Intermediate Unit #19 similarly entered amounts representing the monthly charges and annual amounts of monthly charges. For example, in funding request number 151099, Intermediate Unit #19 entered the amount of \$700 as the unit monthly charges and \$8,400 as the estimated eligible pre-discount total charges. We note that Intermediate Unit #19 appeals SLD's determination only with respect to funding request number 151098. In reviewing Intermediate Unit #19's FCC Form 471 in its entirety as well as records relating to this application, we conclude that SLD reasonably relied upon the amounts entered by the applicant in the FCC Form 471 Pre-Discount Cost Calculation Optional Grid. For funding request number 151098, Intermediate Unit #19 plainly entered \$557.76 as the monthly pre-discount cost and \$6,693.16 as the estimated annual pre-

⁸ Letter from the Schools and Libraries Division, Universal Service Administrative Co., to John R. Williams, Intermediate Unit #19 Consortium, dated April 30, 1999.

⁹ With respect to the applicant's contention that the effective service start date of the telecommunications services ordered was January 1, 1998 rather than March 9, 1998, as entered in Intermediate Unit's FCC Form 471, the Administrator noted that funding request number 151098 was submitted as a tariff service and that the allowable contract date is 28 days after the posting of the FCC Form 470 on the SLD website. The Administrator concluded that, because Intermediate Unit #19's FCC Form 470 had a posting date of February 7, 1998, its service start date could not have occurred prior to March 7, 1998. An effective service start date prior to March 7, 1998 would have violated the Commission's 28-day competitive bidding requirement and resulted in denial of the funding request. We note that the applicant does not raise this issue in its appeal before the Commission.

discount cost. In light of the thousands of applications that SLD must review and process each year, we find that it is administratively appropriate to require an applicant to be responsible for correctly calculating and reporting its estimated pre-discount costs in completing its FCC Form 471 upon which its ultimate funding is dependent. We, therefore, conclude that SLD correctly calculated the funding commitment decision for funding request number 151098 based on the \$557.76 estimated monthly pre-discount cost as reported by Intermediate Unit #19 on its FCC Form 471.

9. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722(a), that the Letter of Appeal by Scranton School District, Scranton, Pennsylvania on behalf of Intermediate Unit #19 Consortium, Archbald, Pennsylvania IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

A handwritten signature in black ink, appearing to read "Yog R. Varma", with a long horizontal flourish extending to the right.

Yog R. Varma
Deputy Chief, Common Carrier Bureau